

{As Prepared for Delivery}

**National Corn Growers Association
Corn Utilization and Technology Conference
Dallas, TX
June 5, 2006**

**Thomas C. Dorr
Under Secretary for Rural Development
Remarks**

Thank you. This is a great day – for biofuels, for biobased products, for the NCGA and for the Corn Industry. How far we have come.

It is a personal pleasure for me to be here. As many of you know, I am a lifelong Iowa farmer and, until becoming Under Secretary, was a long time member of NCGA and the Iowa Corn Growers. I am not a stranger to these events -- and to this cause.

After 30 years of farming, I took a temporary job in Washington, D.C., a few years ago. I now have the privilege of serving as a member of President Bush's team as the Agriculture Under Secretary for Rural Development and Chairman of the USDA Energy Council, as established by Secretary Johanns.

In that capacity I work with a very dedicated group of people at USDA -- and our counterparts at other federal agencies -- to accelerate the development and commercialization of ethanol and other biobased products.

This is a high priority for the President, the Administration, and the country, and I am very proud of the progress we are making. But as I look around this room, I know that there are many people here whose commitment to biofuels and the carbohydrate economy long predates this Administration ... and the prior Administration ... and the two or three Administrations before that.

There is a phrase making the rounds with which most of us are familiar by now – “*We were ethanol before ethanol was cool.*”

There are more than a few people here today who are entitled to stencil that on your tee shirts and wear it with pride.

And that goes not just for ethanol – it applies to the whole range of corn-derived, biobased products that hold such incredible potential both for America’s energy independence and the farm economy.

This has been a commitment, a passion, a vision of many thousands of people for many years. I can think back to my own father, more than 30 years ago, when he helped get the first ethanol checkoff established -- and I know that many of you have been involved for just as long.

I was reminded of the personal side of this story two weeks ago at the Ethanol Summit at the Indianapolis Motor Speedway. As you know, the Indy 500 was run this year on a 10% ethanol blend and it’s converting to 100% ethanol next year. That is going to have a tremendous impact in terms of public perceptions. It will rebrand ethanol as a premium fuel, and all of us should applaud the Indy Racing League for its leadership on this.

There is a tremendous story behind that happening. The idea to switch the Indy cars to ethanol started with Paul Dana, a young driver who was tragically killed in March during practice runs for another race.

Paul was a farm kid from Missouri. He had studied journalism at Northwestern University but decided he wanted to drive race cars, and he made it happen. After the September 11 attacks in 2001, he got to thinking about the energy situation and the importance of reducing our dependence on imported oil. As a farm kid, he saw the potential in ethanol. He began talking up the idea and lining up support.

The man Paul ultimately had to convince was Tony George, the owner of the Indianapolis Motor Speedway. One of the fascinating things about this story is that the Indianapolis Motor Speedway is a third-generation family business. Tony George's grandfather, Tony Hulman, purchased the Speedway after WWII, and it's still in the family today.

The Indianapolis 500 has historically been a testbed for new technologies, but the track hadn't made a major fuel switch since 1964. There were no problems with the current fuel, methanol, and some said "If it's not broke, don't fix it."

But Tony George -- not a farm boy, but a Hoosier, and my Indiana friends tell me that's almost as good -- agreed with Paul that the race could do something good for the nation's energy balance, and he said yes.

There is a symmetry here that, to me, sums up much of the spirit in this room and in this industry. In the beginning, ethanol wasn't a high-tech, high-finance kind of business -- it was just a bunch of Midwestern farmers looking for a new market for corn.

They bootstrapped it themselves. They started on a shoestring and nickel and dimed their way into a niche business in a regional market. Government helped, but it was originally a small group of family farmers who got this whole thing off the ground to begin with. This was built from the grassroots up, and that spirit is still strong.

A generation later -- as the ethanol industry is taking off -- it was another farm kid from Missouri who talked a Hoosier family business owner into adopting ethanol as a signature product in the highest visibility event in motorsports. Paul Dana and Tony George are a great story.

And what each of you are doing every day to bring this vision to fruition is a great story as well. Thank you.

Ethanol is a success story 30 years in the making. It engages us for many reasons. First and foremost, energy is an urgently important national security issue.

But it is also a critically important economic policy question. It has significant environmental implications as well.

And from our perspective at USDA Rural Development, it raises some very exciting potentials for wealth creation in rural America. The same is true of other biobased products, and these opportunities are what bring us together this evening.

USDA has been involved in this effort for many years, for obvious reasons. Like you, USDA was ethanol before ethanol was cool. Today, thanks to soaring oil prices, the economic markets are beginning to catch up – and the political markets clearly are as well.

To all of those who are hopping aboard the bandwagon now -- or perhaps I should say, who are being chased onto the bandwagon by \$70 a barrel oil -- I say welcome aboard.

There is enormous opportunity here. We need to work together, and there is plenty of work for everyone.

There's a lot going on. On non-fuel biobased products, we rolled out Phase I of the Federal Biobased Products Preferred Procurement Initiative earlier this year, and we have already identified over 3,800 products that are in the pipeline for potential inclusion. I know some of you are deeply involved in this initiative and we look forward to working with you.

But with \$70 a barrel oil kicking folks in the wallet every time they gas up, renewable energy is the story of the day.

President Bush has been way out in front on this. It is ancient history now, but it's worth remembering that a comprehensive energy bill was one of President Bush's first priorities after taking office in 2001.

Obviously there was some political opposition. That's nothing new -- on energy, there is always opposition to anything you want to do.

In fact, if you want to create controversy in Washington just say the word "energy" -- and then look for cover.

But President Bush worked steadily for 5 years to get an energy bill passed last summer. He then followed up immediately with the Advanced Energy Initiative focused on transportation fuels and better ways to power our homes and businesses.

The President's strategy is straightforward. The United States will, in the long run, deal from strength, not weakness. We do have a costly addiction to imported oil. But we can kick that addiction if we make up our minds to do so and the President is determined to do just that.

This effort, of course, is not limited to ethanol. The United States has extensive supplies of clean, safe energy. These include significant reserves of conventional oil, natural gas, and coal. We have the technology to recover these resources in an environmentally safe manner, and we should do so.

We have the technology today to build low emissions coal plants as well as safe, highly efficient nuclear plants. We should do so.

We are also developing the technology for near-zero atmospheric emissions coal plants and a new generation of nuclear energy technologies.

We are significantly accelerating research on wind and solar power, on hydrogen and fuel cells, on battery technology for hybrid and plug-in hybrid vehicles. All of this plays a part.

But ethanol is in the lead, the closest to full commercialization of the leading oil alternatives today. That is singularly a tribute to the work

NCGA – and many of you in this room – have done over the last 30 years, and the nation is in your debt.

Thanks to you, we are about to surpass Brazil as the world's leading ethanol producer. U.S. consumption last year reached nearly 4 billion gallons. That's more than double the level of 2000. We're on track to surpass the 7.5 billion gallon Energy Bill target well ahead of schedule.

To stay on track, the President and Congress have extended the ethanol tax incentive ... doubled the size limitation for the small producer tax credit ... and provided a tax credit of up to \$30,000 for the installation of clean fuel infrastructure such as storage tanks and pumps.

Looking a bit further down the road, President Bush has also proposed \$150 million in 2007 – a 65 percent increase – in research funding on ways to produce ethanol cost effectively from cellulosic feedstocks like corn stalks, forestry byproducts, and switchgrass.

If we can solve that riddle – many of you know more about that than I do, but I will say that the technical people are optimistic -- we can

bypass the acreage limitations on corn based ethanol and dramatically lower the costs while increasing the supply many times over.

That's just on the research end. At USDA Rural Development, we're investing in the commercialization of new energy sources. Since 2001, we've invested over \$350 million in 650 renewable energy or energy efficiency projects. 147 of those have been ethanol and biodiesel projects. This is a top priority for us looking ahead.

We're especially excited because so many of these new technologies, including ethanol, are rural and agricultural based. They are therefore very significant economic opportunities for investment, job growth, and wealth creation in rural America. NCGA's progressiveness on Farm Policy and Rural Development is commendable and I am proud of my relationship with you.

Because this goes far beyond an extra 5 or 10 cents a bushel on corn – it's the potential ownership of the plants, the good jobs they bring to small towns, the businesses and jobs that will be involved in construction and maintenance, the ripple effects across the rural

economy. This is rural America's biggest new market in generations. It is a tremendous opportunity for all of us.

Henry Ford built the Model T to run on ethanol. Rudolph Diesel powered his first engines with vegetable oil. We're coming full circle, and the future is bright. So on behalf of President Bush, Secretary Johanns, and indeed the nation, let me thank NCGA and each of YOU for your commitment, investment, and hard work for so many years.

You ARE making a difference. Thank you.